



TRADING SYMBOLS:

December 14, 2006

In the U. S.: OTCBB: **UGTH** and in Canada: TSX-V: **GTH**

US GEOTHERMAL CONTINUES SUCCESSFUL DEVELOPMENT OF THE RAFT RIVER GEOTHERMAL RESOURCE

BOISE, Idaho – December 14, 2006 (OTCBB: **UGTH**, TSX.V: **GTH**) U.S. Geothermal Inc. (U.S. Geothermal), a renewable energy development company focused on the production of electricity from geothermal energy, announced today its continued success in developing the geothermal resources at the construction site of its binary cycle geothermal plant at Raft River in southeastern Idaho.

As part of its ongoing well improvement program, U.S Geothermal recently completed drilling work on production well RRG-4. A new directional leg, which targeted the Bridge fault zone, was successfully drilled through several high permeability fracture zones. Subsequent flow test results show that RRG-4 will now be a substantial commercial production well feeding the Phase 1 power plant.

The recent work on RRG-4 comes after the October 2006 deepening and testing of two injection wells that validated a reservoir model showing an extensive geothermal resource underlying the Raft River site.

U.S. Geothermal's well drilling operations have moved to RRG-3, where the well's existing leg was deepened from 5,937 feet to 6,185 feet and a new second leg was drilled to a depth of 5,735 feet. Several highly permeable sand layers, fractures and lost circulation zones were encountered in the new leg. Well testing is scheduled after the completion of drilling operations.

“The results of the current drilling program are significant because we have shown that the hot geothermal reservoir extends all the way out to our planned injection well sites. The next step for the drill program is to add a new injection well into a thick, loosely consolidated sand layer that is expected to be a good location for long term fluid injection,” said Daniel Kunz, President and Chief Executive Officer of U.S. Geothermal Inc.

Work on the Raft River power plant and pipeline continues on schedule. Ormat Nevada Inc., a subsidiary of Ormat Technologies Inc. (NYSE: ORA), the contracting firm building the Raft River power plant, started fabrication in November of the Ormat Energy Converter, one of the primary plant components. On site, the first concrete for the cooling tower basin was placed and excavation work for the turbine/generator and condenser foundations has begun.

Construction of the above ground production and injection pipelines is approximately 95 percent complete, but further pipeline work has been suspended until spring when the final connections to the wellheads will be made and the pipe insulation installed.

Raft River Rural Electric Coop, the local utility, has begun construction of the 3.2-mile power line that will transmit power output from the project's first phase to Idaho Power Company, U.S. Geothermal's customer for the power.

Idaho Power recently notified U.S. Geothermal that its 52-megawatt power sales proposal, submitted in response to a request for proposals issued by Idaho Power in June, has been short-listed. The new 52-megawatt proposal would amend a current power purchase agreement between Idaho Power and U.S. Geothermal to include the full 13-megawatt output of Raft River's first phase, deliver 13 megawatts of power generation from Raft River's planned third phase, and deliver 26 megawatts of power from the company's property at Neal Hot Springs, Oregon. Idaho Power is scheduled to make the final selection of geothermal power projects for contract negotiations by the end of February 2007. Parts of the proposal to Idaho Power are contingent upon successful drilling and geothermal resource definition at Raft River and Neal Hot Springs.

About US Geothermal Inc

U.S. Geothermal is a renewable energy development company that is currently developing a geothermal power project at Raft River, Idaho and conducting exploration activities at Neal Hot Springs, Oregon. The company believes Raft River is ideally located to make an important contribution to the power needs of the Pacific Northwest. U.S. Geothermal owns and leases geothermal rights of private lands, which comprise the Raft River project in Southeastern Idaho. On the basis of a report prepared by the company's independent consultant, GeothermEx Inc., of Richmond California, the site has a 50% probability of a power production capacity of 15.6 MW per square mile which may translate to 100 MW or more.

Please visit our Website at: **www.usgeothermal.com**

FOR ADDITIONAL INFORMATION PLEASE CONTACT:

Saf Dhillon - Investor Relations
U.S. Geothermal Inc.
Tel: 866-687-7059 (Toll Free) or 604-484-3031
Fax: 604-688-9895
saf@usgeothermal.com

Mike Journee
Scott Peyron & Associates, Inc.
Tel: 208-388-3800
Fax: 208-388-8898
mjournee@peyron.com

The information provided in this news release contains forward-looking statements within the definition of the Safe Harbor provisions of the US Private Securities Litigation Reform Act of 1995, including statements regarding the nature, size and viability of the geothermal resource, the construction of power plants and the projected production date. These statements are based on US Geothermal Inc.'s current expectations and beliefs and are subject to a number of risks and uncertainties that can cause actual results to differ materially from those described in forward looking statements, including the risks that financing will not be available for construction of the power plants, construction will not be completed on budget or on schedule, and the revenues generated under the power sales agreements will not prove sufficient to fund operations and/or service debt, among others. Forward-looking statements are based on management's expectations, beliefs and opinions on the date the statements are made. U.S. Geothermal Inc. assumes no obligation to update forward-looking statements if management's expectations, beliefs, or opinions, or other factors, should change.

The TSX Venture and OTC Bulletin Board Exchanges do not accept responsibility for the adequacy of this release.